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Funding for Drinking Water Capital Improvement Projects

Public water systems face challenges bringing their facilities up to standards and meeting consumer expectations for safe and reliable drinking water. Many public water systems, particularly small systems, have trouble locating and obtaining affordable financing for infrastructure improvements.

This publication will help them by providing information on primary funding sources for drinking water infrastructure projects. For a comprehensive list of funding sources, visit the Infrastructure Assistance Coordinating Council (IACC) database online at <http://www.infracfunding.wa.gov/>

IACC is a nonprofit organization of state and federal agencies, local government associations, nonprofit technical assistance firms, tribes and universities. IACC's purpose is to improve delivery of financial and technical infrastructure assistance to local governments.

Drinking Water State Revolving Fund Loan (DWSRF)



Crescent Water Association, Inc. (Clallam County) received a \$260,610 Drinking Water State Revolving Fund loan at 1 percent interest to reconstruct a damaged tank that has cracked and leaky walls.

Purpose:	Low-interest loans for infrastructure projects designed to increase public health protection for community and nonprofit non-community drinking water systems (public or private).
Sponsors:	Department of Health, Public Works Board, and Department of Community, Trade and Economic Development.
Amount:	\$3 million maximum per year. \$6 million for joint projects.
Interest:	0 to 1.5 percent. 20-year term; 30 years for extremely disadvantaged communities.
Local match:	None required.
Dates:	Applications due in May. Funds available the following spring.
Contact:	Chris Gagnon, Department of Health (360) 236-3095 chris.gagnon@doh.wa.gov
Web site:	http://www.doh.wa.gov/ehp/dw/our_main_pages/dwsrf.htm



HELPING TO ENSURE SAFE AND RELIABLE DRINKING WATER

Community Development Block Grant (CDBG)

Projects must principally benefit low-to-moderate income people in non-entitlement cities with fewer than 50,000 people and counties with fewer than 200,000 residents.



A DOH enforcement order required the City of Pomeroy (Garfield County) to shut down one spring water source, drill a well, construct a reservoir and complete distribution system improvements.

Even with funds from the General Purpose Grant Program, water rates will increase from \$19 to \$30 per month. The city has 1,660 residents, 58 percent are low-income.

Improvements will be funded by a Community Development Block Grant, and loans from the Public Works Trust Fund and the Drinking Water State Revolving Fund.

Community Development Block Grant Web site:
http://www.cted.wa.gov/portal/alias__cted/lang__en/tabID__314/DesktopDefault.aspx

General Purpose Grant Program

Purpose: Design and construction.
Amount: Up to \$1 million.
Local match: None required, but local contribution and gap financing preferred.
Schedule: Applications due in November; notification the following March.
Contact: Bill Prentice, (360) 725-3015
billp@cted.wa.gov

Planning Only Grant Program

Purpose: Comprehensive plans, infrastructure plans, feasibility studies, community action plans, low-income housing assessments.
Amount: Up to \$35,000 per jurisdiction; \$50,000 for multiple jurisdictions. Upper limits available for priority public health planning.
Local match: None required.
Schedule: Applications accepted year-round on a fund-available basis.
Contact: Sheila Lee-Johnston, (360) 725-3009
sheilal@cted.wa.gov

Imminent Threat Grant Program

Purpose: Situations that pose an immediate, urgent threat to public health and safety. A formal disaster must be declared. Only eligible costs incurred after an emergency is formally declared can be reimbursed.
Amount: Up to \$166,000 pending availability of funds.
Local match: None required.
Schedule: Applications accepted year-round.
Contact: Bill Prentice, (360) 725-3015
billp@cted.wa.gov

Community Investment Fund Grant Program

Purpose: Top priority projects from the Washington Community Economic Revitalization Team county list, and Federal Empowerment Zone/Enterprise Community.
Amount: Up to \$1 million maximum. Need for grant must be clearly identified. Project must be ready to go.
Local match: None required.
Schedule: Applications accepted year-round on a fund-available basis.
Contact: Dan Riebli, (360) 725-3017
danr@cted.wa.gov



The community of Monitor's (Chelan County) water system consolidation will extend Chelan County PUD water service to Group A and Group B residential water systems, and many private wells in and around the community.

The rural community's existing water has coliform bacteria and nitrate in excess of maximum contaminant levels. There are also challenges with quantity, including non-existent fire flows. Monitor residents and businesses will pay all loan costs. A recent income survey indicates 53 percent of the community is low-to-moderate income.

The community anticipates funding from:

- *Water System Acquisition and Rehabilitation Program grant*
- *Community Development Block Grant, Community Investment Fund grant*
- *U.S. Environmental Protection Agency State and Tribal Assistance Grant*
- *USDA Rural Development loan/grant package*
- *Community Economic Revitalization Board, Traditional and Rural Construction Program grant/loan package*
- *Community Economic Revitalization Board, Job Development Fund grant*
- *Public Works Trust Fund Preconstruction loan*
- *Public Works Trust Fund Construction loan*
- *Drinking Water State Revolving Fund loan*

Community Economic Revitalization Board Web site:

http://www.cted.wa.gov/portal/alias__cted/lang__en/tabID__64/DesktopDefault.aspx

Community Economic Revitalization Board (CERB)

Statewide and designated rural counties or rural natural resource areas can apply. These include cities, towns, port districts, special districts; federally-recognized tribes; municipal or quasi-municipal corporations with economic development purposes.

Rural Project-Specific Planning Program

Purpose: Feasibility and pre-development studies that advance economic development goals for industrial-sector business development.

Amount: Matching grants up to \$50,000 per application.

Local match: 50 percent required.

Schedule: Applications accepted year-round.

Contact: Kate Rothschild, (360) 725-4058
kater@cted.wa.gov

Traditional and Rural Construction Program

Purpose: Supports industrial sector business growth and job creation or retention.

Amount: \$1 million maximum per project. Primarily loans. Grants in unique cases. Interest rates vary. 20-year term maximum. Must demonstrate gap in public project funding and financial need for assistance. Grant funds demonstrated by a gap in debt service revenue for loan.

Local match: Minimum 25 percent.

Schedule: Applications accepted year-round.

Contact: Kate Rothschild, (360) 725-4058
kater@cted.wa.gov

Job Development Fund Program

Purpose: Supports industrial sector business growth and job creation or retention.

Contact: Matt Ojennus, (360) 725-4047
matthewo@cted.wa.gov



USDA Rural Development

Water and Waste Disposal Direct Loans and Grants

Purpose: Loans and grants for infrastructure projects for cities or towns with fewer than 10,000 people. Also available to counties, special purpose districts, tribes or nonprofit organizations unable to get funds from other sources at reasonable rates and terms.

Sponsor: USDA Rural Development.

Amount: No specified maximum.

Interest: Rates change quarterly. Up to 40 years. No prepayment penalty.

Local match: None required.

Dates: Applications accepted year-round on a fund-available basis.

Contact: Sandi Boughton, (360) 704-7737
sandi.boughton@wa.usda.gov

Web site: <http://www.rurdev.usda.gov/wa>



Grand Coulee (Grant County) built an intertie with neighboring Electric City at a cost of \$4.5 million. Grand Coulee had to switch from lake water to groundwater to comply with the Surface Water Treatment Rule. Electric City has three wells and capacity to serve both communities.

Project funding includes a USDA Rural Development Water and Waste Disposal loan and grant, a Community Development Block Grant, a U.S. Environmental Protection Agency State and Tribal Assistance Grant, a state Economic Development Council grant administered by Grant County Economic Development Council, a state Department of Ecology grant and Grand Coulee's own funds.

Water System Acquisition and Rehabilitation Program (WSARP)

- Purpose:** Grants to help municipal water systems acquire and rehabilitate other systems with water quality problems or deteriorated infrastructure.
- Sponsors:** Department of Health, Public Works Board, and Department of Community, Trade, and Economic Development.
- Amount:** Future funding is uncertain. The 2005 Legislature authorized up to \$500,000 per jurisdiction.
- Contacts:** Leslie Hafford, Public Works Board
(360) 586-4128
leslie.hafford@pwb.wa.gov
Chris Gagnon, Department of Health
(360) 236-3095
chris.gagnon@doh.wa.gov
- Web site:** <http://www.doh.wa.gov/ehp/dw/wsarp/wsarp.htm>



Cedar River Water and Sewer District (King County) used a grant to acquire and rehabilitate Dorre Don Water System. Dorre Don operated on a marginal basis for years, and was susceptible to flooding and contamination. Federal, state and local agencies made the project possible by providing funding and helping to resolve community, environmental and design challenges.

Rural Community Assistance Corporation (RCAC)

Rural Community Assistance Corporation's Environmental Infrastructure Loan Program helps create, improve or expand safe drinking water facilities serving communities in the rural west. These funds are for small rural communities that need to determine feasibility and pay pre-development costs prior to receiving state and federal program funding. RCAC also may provide long-term loans when system improvements are needed, and there is lack of priority for obtaining funds through state or federal programs. Eligible applicants include nonprofit organizations, public agencies and tribal governments. Projects must be located in rural areas with populations of 50,000 or less. Community size is limited to 10,000 for long-term USDA loans. Must primarily serve low-income rural communities.

Feasibility

- Purpose:** Preliminary and environmental engineering reports.
- Amount:** Up to \$50,000.
- Type:** Short-term loans (1-3 years).

Predevelopment

- Purpose:** Engineering, legal, bond counsel.
- Amount:** Up to \$250,000; should correspond with other financing source letter of conditions.
- Type:** Short-term loans (1-3 years).

Construction

- Purpose:** Interim construction financing.
- Amount:** Up to \$1 million; should correspond with other financing source letter of conditions.
- Type:** Short-term loans (1-3 years).

Long Term Loans

- Purpose:** System improvements.
- Amount:** Primarily intermediate term loans (10-20 years); 30-year maximum term.
- Contact:** George Schlender, (509) 921-9415
gschlender@rcac.org
- Web site:** <http://www.rcac.org/>



RCAC provides interim financing as well as long-term loans for drinking water infrastructure projects.

Public Works Trust Fund (PWTF) Loans for counties, cities and special purpose districts that meet requirements				
	Construction Program	Capital Facilities Planning Program	Preconstruction Program	Emergency Program
Purpose:	Construct, repair and replace infrastructure	Single or multiple system plans for eligible systems, updates to existing capital facility plans, and environmental studies	Preliminary engineering, design, permitting, public involvement, right-of-way acquisition, bid-document preparation, and environmental studies	Projects needed due to natural disaster or an immediate emergent threat to public health and safety
Amount:	Up to \$7 million a biennium per jurisdiction	Up to \$100,000 a biennium per jurisdiction	Up to \$1 million a biennium per jurisdiction	Up to \$500,000 a year per jurisdiction
Interest:	0.5 to 2 percent, depending on match 20-year term	None 6-year term	0.5 to 2 percent 5-year term, or 20 years if construction funds are in-hand	3 percent 20-year term
Local Match:	5 to 15 percent	None	5 to 15 percent	None
Dates:	Applications due in May with funds available the next spring	Applications accepted on or before the fifth day of each month on a fund-available basis	Applications accepted on or before the fifth day of each month on a fund-available basis	Applications accepted on or before the fifth day of each month on a fund-available basis
Contact:	Client Service Representative (360) 586-4122 http://www.pwb.wa.gov/			

For more information:

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